



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

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January 30, 2007

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AMENDMENT NO. 1 TO LEASE NO. 66818
PROBATION DEPARTMENT
4549 TELEGRAPH ROAD, LOS ANGELES
(FIRST) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign the attached Amendment No. 1 to Lease No. 66818 with by J.B. Realty, LLC, (Lessor), extending the term of the Lease for an additional three years for the continued occupancy of the subject premises comprising 13,590 rentable square feet of warehouse/office space by the Probation Department (PD), Warehouse and Property Supply Section, and increasing the rental rate to \$130,464 annually fixed for the entire extended term. The rental costs are net County cost (NCC).
2. Find that the Amendment is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15062 (b) (3) of the State CEQA Guidelines.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the proposed action will provide the County continued occupancy of the leased premises and the uninterrupted delivery of the operations pending a determination of program needs and the identification and possible lease acquisition of a suitable replacement space within the area served.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we improve the workplace environment in order to enhance quality and productivity (Goal 2, Strategy 2) and that we strengthen the County's fiscal capacity (Goal 4). In this case, the proposed action will enable PD programs to continue to operate from this location pending investigation of other alternatives that could be more suitable for the programs.

FISCAL IMPACT/FINANCING

The proposed amendment will bring the annual cost of the subject lease from its current level of \$76,457 to \$130,464. Although this is an increase of approximately 71 percent from its current level, it should be noted, that no rental adjustment has been allowable since this lease reverted to a month-to-month basis in 2001. Additionally, the new rent is still well within the market range for the area. The following chart provides a comparison between the current agreement and the proposed Amendment.

	Current Lease	Proposed Amendment	Change
Area	13,590 rentable square feet	13,590 rentable square feet	None
Annual Rent	\$76,457 on industrial gross basis ⁽¹⁾	\$130,464 on industrial gross basis ⁽¹⁾	+\$54,007
Annual Cost Per Square Foot	\$5.63	\$9.60	+\$3.97
Term	7/15/97 – 7/14/01, Now month-to-month	Three-year term	New three-year term
Cancellation	Upon 30 days prior written notice by either party	Upon 30 days prior written notice by the County	County's right only
Rental Adjustments	Only upon exercise of option to extend, based on Consumer Price Index over the prior lease period, capped at 5 percent per annum	None for 36 months	Fixed rent for 36 months

(1) Lessor is responsible for basic structure and pays property taxes. The County is responsible for interior maintenance, utilities and landscaping.

- The proposed rental rate herein will remain fixed for three years, and the lessor can not terminate County's tenancy during this period.
- The rental costs for the subject facility are 100 percent net County cost (NCC).
- Sufficient funds are available in the 2006-07 Rent Expense Budget and will be charged back to PD.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

- Since July 15, 1981, the County has leased approximately 13,590 rentable square feet of warehouse/office space comprising the entire facility together with 26 parking spaces.

- On June 1993, the County entered into the current lease which was for a four-year term with two four-year options. The first option was exercised extending the term until July 14, 2001, but the second option was never exercised.
- The County held over on a month-to-month basis since July 15, 2001, pending an assessment of needs and identification of a more suitable space.
- Recently the PD submitted a Space Request to the CAO indicating a need for a significantly larger space, which would allow consolidation with other warehouse programs, as well as solve parking and ingress/egress issues associated with the current space. The request is being evaluated by the CAO.
- On November 20, 2006, the County received a notice from the lessor dated November 17, 2006, requesting a rental increase effective January 1, 2007.
- Staff was able to negotiate with the lessor the attached Amendment, making the increase effective upon Board approval or February 1, 2007, whichever is later.
- The negotiated rent will remain fixed for the entire term of the Amendment.
- Additionally, staff was able to negotiate a condition from the lessor to repair the roof.

ENVIRONMENTAL DOCUMENTATION

The CAO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA as specified in Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board November 17, 1987, and Section 15061 (b)(3) of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

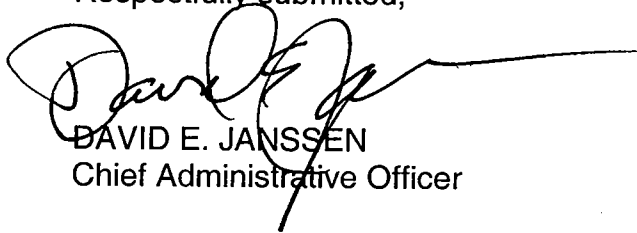
It is the finding of the CAO and PD that the proposed Amendment is in the best interest as it guarantees County continued right to occupy the premises without a further rental increase and allow the County the flexibility to terminate this housing arrangement, if it becomes desirable by the County. In accordance with your Board's policy on the housing of any County offices or activities, PD concurs in this recommendation.

The Honorable Board of Supervisors
January 30, 2007
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CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed Amendment and the adopted, stamped Board letter and two certified copies of the Minute Order to the Chief Administrative Office, Real Estate Division at 222 South Hill Street, Fourth Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David E. Janssen", with a long horizontal line extending to the right.

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:WLD
CEM:MFS:hd

Attachments (2)

c: County Counsel
Auditor-Controller
Probation Department

AMENDMENT NO.1 TO LEASE NO. 66818
PROBATION DEPARTMENT
4549 TELEGRAPH ROAD, LOS ANGELES

This Amendment No. 1 to Lease No. 66818 (the "Amendment") is made and entered into effective as of this _____ day of _____, 2007 by and between J.B. Realty, LLC, a California Limited Liability Corporation Lessor, general partnership ("Lessor"), and the COUNTY OF LOS ANGELES, a body politic and corporate ("Lessee").

WHEREAS, the Lessor as the owner of the property located at 4549 Telegraph Road, Los Angeles (the "Building"), and Lessee entered into Lease No. 66818 dated June 1, 1993 (the "Lease"), whereby Lessor leased to Lessee approximately 13,590 rentable square feet of floor space consisting of the entire building located at 4549 Telegraph Road, Los Angeles (the "Premises"), together with 26 parking spaces, for a term of four years starting on July 15, 1993 and ending on July 14, 1997, for use by the Lessee's Probation Department, and;

WHEREAS, the Lease contained two four-year options to extend its term; the first of which was exercised by the Lessee, thus extending the Lease term until July 14, 2001, and;

WHEREAS, Lessee elected not to exercise its second option and continued to occupy the Premises on a month-to-month basis since July 15, 2001, pursuant to the holdover provision of the Lease, and;

WHEREAS, Lessor and Lessee now desire to amend the Lease in certain respects; namely to extend its term for an additional three-year period and to increase the rent during such period.

NOW, THEREFORE, in consideration of the rents, covenants and agreements herein contained, and intended to be legally bound, Lessor and Lessee hereby covenant and agree the following amendments are effective upon the date above written:

1. TERM. Paragraph 2. Term, is amended to provide that upon approval by the Board of Supervisors of the County of Los Angeles, the term of the Lease will expire on January 31, 2010.

2. CANCELLATION. Paragraph 4. CANCELLATION of the Lease shall be deleted in its entirety and in its place shall appear:

"Lessee shall have the right to terminate its occupancy of the subject Premises at any time upon providing Lessor with 30 days written notice. Lessee shall use its best efforts, but shall not be required, to provide more than 30 days notice pursuant to this Section 4, if reasonably possible."

3. RENT. Paragraph 3 Rent of the Lease, shall be deleted in its entirety and in its place shall be substituted the following:

"Lessee shall pay a monthly rent for the Premises in the amount of \$10,872.00 per month, or \$0.80 per square foot (the "Base Rent"). All rent payable under this Lease, as amended, shall not be subject to any adjustment during the extended term, and shall be due and payable without demand on or before the first day of each calendar month, except that the Base Rent for any fractional calendar month at the commencement or end of the extended term shall be prorated on a daily basis. Lessor shall file a payment voucher annually therefore, during the month of June, with the Auditor of the County of Los Angeles."

4. RENTAL ADJUSTMENT Paragraph 28 of the Lease RENTAL ADJUSTMENT shall be deleted in its entirety.

5. PREMISES IMPROVEMENTS. The Lease is amended by the addition of the following as new Paragraph 30. Alteration and Preparation of Premises:

"30. Alteration and Preparation of Premises During the Extended Term Lessor, at its sole cost and expense, will cause the roof of the subject building to be repaired or replaced so that water will not intrude into the Premises. Said work will be performed at a time that is convenient for Lessee. Lessee's approval of the time for the work to be performed shall not be unreasonably withheld.

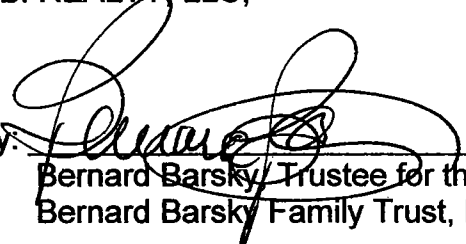
5. INTERPRETATION. If there are any inconsistencies, variances or differences between any provision of the Lease and a provision of this Amendment, the provisions of this Amendment will prevail and control. The Lease, as amended by this Amendment, is ratified, confirmed and approved. The terms "include" and "including" are not limiting and include the concept of "including but not limited to."

Signature page follows.

IN WITNESS WHEREOF, the Lessor has executed this Amendment or caused it to be executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Amendment to be executed on its behalf by the Chairman of said Board and attested by the Clerk thereof the day, month, and year first above written.

LESSOR

J.B. REALTY, LLC,

By: 
Bernard Barsky, Trustee for the
Bernard Barsky Family Trust, Member

By: 
Howard Barsky, Trustee for the
Howard Barsky Family Trust, Member

LESSEE

COUNTY of LOS ANGELES

ATTESTED:

SACHI A. HAMAI
Executive Officer-Clerk
of the Board of Supervisors

By: _____
ZEV YAROSLAVSKY
Chairman Board of Supervisors

Deputy

APPROVED AS TO FORM:

OFFICE OF RAYMOND G. FORTNER
COUNTY COUNSEL

By: 
Amy M. Caves
Deputy County Counsel